

**ICOC Meeting of August 5, 2005
Agenda Item 9
Governance Subcommittee Report**

Background

The Governance Subcommittee held its first meeting on July 29, 2005. Zach Hall and Walter Barnes presented reports on contracts policies and procedures, a delegation of approval policy, the status of all contracts and interagency agreements, a proposed communications plan and the Edelman Contract, Compensation Plan and the proposed Budget for the current fiscal year.

Information

Most of the meeting centered on a review of proposed contracting and the policies and procedures recommended. Based on the information provided, the Subcommittee approved that the following recommendations be presented to the full ICOC:

- Approve the Policy and Procedures for Contracting contained in Attachment A.

These policies and Procedures are based on the requirements of the University of California procurement system

- Approve the Delegation policy contained in Attachment B.

This will require that contracts with private parties that are **greater than \$100,000** will be approved by the Governance Committee and that contracts that are **greater than \$250,000** will be approved by the full ICOC. The approval will also apply to amendments that result in the total contract being greater than \$100,000 or \$250,000.

- Approve the following contracts that are in excess of \$250,000:

- **Remcho, Johansen and Purcell:** Extend the current six month contract for an additional four months (to December 6, 2005) and increase it by \$200,000 to a level of \$520,000 (please see attached).

Currently this firm provides the services that a General Counsel can be expected to perform, including: reviewing contracts; attending ICOC, subcommittee and working group meetings; working with the Attorney General's office and the ICOC in developing and implementing litigation strategies; developing conflicts policies; drafting or reviewing regulations; reviewing operations policies such as travel expenses and per diem; and

responding to requests for legal advice from CIRM staff. Remcho also provides consultation on bond, conflicts of interest and litigation matters.

- **Edelman:** Execute a new contract for a twelve month period (4/1/2005 – 3/31/2005) for a maximum of \$378,000 (please see attached). The cost is based on the following:

Professional Fees and Internal Expense: Actual cost of fees (less 10% discount and pro bono) plus 3% for internal expenses. The total monthly cost will not exceed \$27,500 which comes to a maximum of \$330,000 for the twelve months of the contract.

Out-of-Pocket and Travel Costs: Actual costs. For the first three months, such costs have averaged \$4,000/month. The total estimate for twelve months is estimated at \$48,000.

Edelman provides a variety of communications and media services to CIRM, including ongoing media relations and outreach, daily strategy calls, ICOC meeting and selected Sub-Committee meeting representation and coverage, assistance in Letters to the Editor and Op-ed edits and placements.

The final actual cost of the contract will depend on the services CIRM requests. A list of services available is included in the contract and have and will be provided based on authorization of CIRM and both parties are working together to ensure that the costs are kept to the minimum necessary. In any case, the maximum will not be exceeded.

Edelman was selected based on interviews with three firms – the other two were Weber Sandwick Worldwide and Burson-Marsteller. There was general agreement that Edelman was the best qualified for the job because of their demonstrated interest and familiarity with Proposition 71, their experience in health matters and the commitment of the leading members of the firm to supporting CIRM.

Edelman agreed to begin immediately, with a concurrent termination of the Red Gate Communications contract with CIRM. This was at a time when there were several issues that required extensive communications expertise and personnel, including: the CIRM Headquarters search, various litigation and legislative actions at the state and federal level that could affect CIRM's mission.

The subcommittee also heard updates on the status of a salary survey that will be used to develop a recommendation for a compensation plan and the efforts to develop a formal budget for this year and next. Both of those issues will be covered at the next Governance Subcommittee meeting, and recommendation presentations are planned for the September ICOC meeting.